

PLEASANTVILLE COMMUNITY SCHOOL DISTRICT
PLEASANTVILLE, IOWA

INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS

Year Ended June 30, 2020

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Pleasantville Community School District

Officials

<u>NAME</u>	<u>TITLE</u>	<u>TERM EXPIRES</u>
Board of Education		
Mark Core	President	2023
Ron Danks	Vice-President	2021
Carol Beier	Board Member	2023
Michelle Greene	Board Member	2023
Kenny Sutter	Board Member	2021
School Officials		
Tony Aylsworth	Superintendent	Indefinite
Robert Friday	District Secretary/ Treasurer/Business Manager	Indefinite
Dickinson, Mackaman, Tyler & Hagen, P.C.	Attorney	Indefinite

Pleasantville Community School District



FALLER, KINCHELOE & Co, PLC

Certified Public Accountants

Independent Auditor's Report

To the Board of Education of
Pleasantville Community School District:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Pleasantville Community School District (District), Pleasantville, Iowa, as of and for the year ended June 30, 2020, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the District as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Contributions and the Schedule of Changes in the District's Total OPEB Liability, Related Ratios and Notes on pages 7 through 14 and 47 through 52 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the seven years ended June 30, 2019 (which are not presented herein) and expressed unmodified opinions on those financial statements. Another auditor previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the two years ended June 30, 2012 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 6, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated February 16, 2021 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.



Faller, Kincheloe & Co., PLC

February 16, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

Pleasantville Community School District (District) provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2020. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2020 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$8,385,963 in fiscal year 2019 to \$8,507,203 in fiscal year 2020, and General Fund expenditures decreased from \$8,344,854 in fiscal year 2019 to \$7,948,494 in fiscal year 2020. The District's General Fund balance increased from \$815,077 at the end of fiscal year 2019 to \$1,373,786 at the end of fiscal year 2020, an increase of approximately 68.5%.
- The fiscal year 2020 General Fund revenue increase was attributable to increases in property tax and from state sources. The decrease in expenditures was due primarily to a general overall decrease in all types of expenditures of the District.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of the District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report the District's operations in more detail than the government-wide financial statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which the District acts solely as an agent or custodian for the benefit of those outside of the District.

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year, the District's proportionate share of the net pension liability and related contributions, as well as presenting the Schedule of Changes in the District's Total OPEB Liability, Related Ratios and Notes.

Supplementary Information provides detailed information about the non-major governmental funds.

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide financial statements report the District's net position and how it has changed. Net position is one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net position is an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- *Business type activities:* The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program is included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds, or to show that it is properly using certain revenues, such as federal grants.

The District has three kinds of funds:

- 1) *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The District's governmental funds include the General Fund, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Fund.

The required financial statements for governmental funds include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.

- 2) *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's Enterprise Fund, one type of proprietary fund, is the same as its business type activities, but provide more detail and additional information, such as cash flows. The District currently has one Enterprise Fund, the School Nutrition Fund.

The required financial statements for proprietary funds include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position and a Statement of Cash Flows.

- 3) *Fiduciary funds*: The District is the trustee, or fiduciary, for assets that belong to others. These funds include the Private-Purpose Trust Fund. The District accounts for outside donations for scholarships for individual students in this fund.

The District is responsible for ensuring the assets reported in the fiduciary funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

The required financial statements for fiduciary funds include a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position.

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-1 below provides a summary of the District's net assets at June 30, 2020 compared to June 30, 2019.

Figure A-1 Condensed Statement of Net Position (Expressed in Thousands)							
	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2020	2019	2020	2019	2020	2019	2019-2020
Current and other assets	\$ 9,400	8,673	165	218	9,565	8,891	7.6%
Capital assets	12,217	12,091	48	27	12,265	12,118	1.2%
Total assets	21,617	20,764	213	245	21,830	21,009	3.9%
Deferred outflows of resources	957	1,186	29	24	986	1,210	-18.5%
Long-term liabilities	12,763	13,779	129	104	12,892	13,883	-7.1%
Other liabilities	1,097	1,308	48	40	1,145	1,348	-15.1%
Total liabilities	13,860	15,087	177	144	14,037	15,231	-7.8%
Deferred inflows of resources	4,511	3,692	25	6	4,536	3,698	22.7%
Net position:							
Net investment in							
capital assets	3,937	3,081	48	27	3,985	3,108	28.2%
Restricted	2,802	2,775	-	-	2,802	2,775	1.0%
Unrestricted	(2,536)	(2,685)	(8)	92	(2,544)	(2,593)	1.9%
Total net position	\$ 4,203	3,171	40	119	4,243	3,290	29.0%

The District's total net position increased by 29.0%, or approximately \$953,000, from the prior year.

The largest portion of the District's net assets is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net position represents resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position increased approximately \$27,000, or 1.0% over the prior year. The increase was primarily a result of an increased restricted balance for physical plant and equipment purposes.

Unrestricted net position – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased approximately \$49,000, or 1.9%. The negative balance in unrestricted net position was primarily a result of the District's net pension liability and other post-employment benefits liability balance at June 30, 2020.

Figure A-2 shows the changes in net position for the year ended June 30, 2020 compared to the year ended June 30, 2019.

Figure A-2
Changes in Net Position
(Expressed in Thousands)

	Governmental Activities		Business Type Activities		Total District		Total Change
	2020	2019	2020	2019	2020	2019	2019-2020
Revenues:							
Program revenues:							
Charges for service	\$ 736	824	149	203	885	1,027	-13.8%
Operating grants, contributions and restricted interest	1,434	1,355	199	177	1,633	1,532	6.6%
Capital grants, contributions and restricted interest	85	-	-	-	85	-	100.0%
General revenues:							
Property tax	3,378	3,276	-	-	3,378	3,276	3.1%
Income surtax	346	334	-	-	346	334	3.6%
Statewide sales, services and use tax	706	715	-	-	706	715	-1.3%
Unrestricted state grants	3,766	3,740	-	-	3,766	3,740	0.7%
Unrestricted investment earnings	12	5	2	3	14	8	75.0%
Other	140	136	-	5	140	141	-0.7%
Total revenues	10,603	10,385	350	388	10,953	10,773	1.7%
Program expenses:							
Instruction	5,984	6,476	-	-	5,984	6,476	-7.6%
Support services	2,506	2,287	-	-	2,506	2,287	9.6%
Non-instructional programs	1	1	429	380	430	381	12.9%
Other expenses	1,080	1,186	-	-	1,080	1,186	-8.9%
Total expenses	9,571	9,950	429	380	10,000	10,330	-3.2%
Change in net position	1,032	435	(79)	8	953	443	115.1%
Net position beginning of year	3,171	2,736	119	111	3,290	2,847	15.6%
Net position end of year	\$ 4,203	3,171	40	119	4,243	3,290	29.0%

In fiscal year 2020, property tax and unrestricted state grants accounted for 67.4% of governmental activities revenue while charges for service and operating grants, contributions and restricted interest accounted for 99.4% of business type activities revenue. The District's total revenues were approximately \$10.953 million, of which approximately \$10.603 million was for governmental activities and approximately \$350,000 was for business type activities.

As shown in Figure A-2, the District as a whole experienced a 1.7% increase in revenues and a 3.2% decrease in expenses. Property tax increased approximately \$102,000 to fund expenses. The decrease in expenses is primarily related to a general decrease in all types of expenses.

Governmental Activities

Revenues for governmental activities were \$10,603,529 and expenses were \$9,571,588 for the year ended June 30, 2020. In another difficult budget year, the District was able to balance the budget.

The following table presents the total and net cost of the District's major governmental activities: instruction, support services non-instructional programs and other expenses, for the year ended June 30, 2020 compared to those expenses for the year ended June 30, 2019.

Figure A-3						
Total and Net Cost of Governmental Activities						
(Expressed in Thousands)						
	Total Cost of Services			Net Cost of Services		
	2020	2019	Change 2019-2020	2020	2019	Change 2019-2020
Instruction	\$ 5,984	6,476	-7.6%	4,136	4,610	-10.3%
Support services	2,506	2,287	9.6%	2,494	2,285	9.1%
Non-instructional programs	1	1	0.0%	1	1	0.0%
Other expenses	1,080	1,186	-8.9%	686	874	-21.5%
Total	\$ 9,571	9,950	-3.8%	7,317	7,770	-5.8%

For the year ended June 30, 2020:

- The cost financed by users of the District's programs was \$735,532.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$1,518,878.
- The net cost of governmental activities was financed with \$4,431,105 in property and other taxes and \$3,765,943 in unrestricted state grants.

Business Type Activities

Revenues for business type activities were \$349,244 representing a 10.1% decrease under the prior year while expenses totaled \$428,530 a 12.7% increase over the prior year. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

Due to declining enrollment, revenue received into the School Nutrition Fund decreased during the year ended June 30, 2020, as expected.

INDIVIDUAL FUND ANALYSIS

As previously noted, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported combined fund balances of \$4,240,000, a significant increase from last year's ending fund balances of \$3,690,801.

Governmental Fund Highlights

- The District's increase in General Fund financial position is the result of many factors. Revenues increased slightly in fiscal year 2020, primarily the result of an increase in property taxes. However, while revenues increased slightly in fiscal year 2020, there was also a decrease in General Fund expenditures. In order to stabilize the financial health of the District, the District must continue to do what was done in fiscal year 2020.

The General Fund balance increased from \$815,077 to \$1,373,786. This represents a \$558,709 increase from the previous year. This increase is due to the District watching expenditures to ensure expenditures incurred are reasonable and necessary for the operation of the District.

- The Capital Projects Fund balance decreased by \$122,310 from fiscal year 2019 to fiscal year 2020. The decrease in the balance can be attributed to spending more on capital projects than the related revenue received into this fund in fiscal year 2020. The fund ended fiscal year 2020 with a balance of \$2,123,750. The District intends to use this money to continually update its facilities.

BUDGETARY HIGHLIGHTS

Over the course of the year, the District did not amend its budget.

The District's revenues were \$271,132 less than budgeted revenues, a variance of 2.4%. The most significant variance resulted from the District receiving less money from local sources than originally anticipated.

Total expenditures were less than budgeted expenditures. It is the District's practice to budget expenditures at the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should always exceed actual expenditures for the year.

In spite of the District's budgetary practice, the certified budget was exceeded in the other expenditures functional area due to timing of expenditures are year-end without sufficient time to amend the certified budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2020, the District had invested approximately \$12.265 million, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-4). This represents a net increase of 1.2% from last year. More detailed information about the District's capital assets is presented in Note 5 to the financial statements. Depreciation expense for the year was \$595,098.

The original cost of the District's capital assets was approximately \$19.5 million. Governmental funds account for approximately \$19.4 million, with the remaining approximate \$0.1 million accounted for in the Proprietary, School Nutrition Fund.

During fiscal year 2020 the District added a significant amount of new capital assets. As a result, the District realized a net increase in capital assets of 1.2% from last year once one factors in the depreciation expense for the year.

Figure A-4
Capital Assets, net of Depreciation
(Expressed in Thousands)

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2020	2019	2020	2019	2020	2019	2019-2020
Land	\$ 78	78	-	-	78	78	0.0%
Buildings	11,021	11,414	-	-	11,021	11,414	-3.4%
Improvements other than buildings	569	146	-	-	569	146	289.7%
Furniture and equipment	549	453	48	27	597	480	24.4%
Total assets	\$ 12,217	12,091	48	27	12,265	12,118	1.2%

Long-Term Debt

At June 30, 2020, the District had \$8,451,000 in total long-term debt outstanding. This represents a decrease of approximately 6.9% from last year. (See Figure A-5) Additional information about the District's long-term debt is presented in Note 6 to the financial statements. This decrease is due to the scheduled debt payments made during fiscal year 2020.

The Constitution of the State of Iowa limits the amount of general obligation debt districts can issue to 5% of the assessed value of all taxable property within the District. The District's outstanding general obligation debt is significantly below its constitutional debt limit of approximately \$7.9 million.

Figure A-5
Outstanding Long-Term Obligations
(Expressed in Thousands)

	Total District		Total Change
	June 30,		June 30,
	2020	2019	2019-2020
General obligation capital loan notes	\$ 115	225	-48.9%
General obligation bonds	5,580	5,840	-4.5%
Unamortized bond premiums	138	146	-5.5%
Revenue bonds	2,585	2,800	-7.7%
Capital leases	33	65	-49.2%
Total	\$ 8,451	9,076	-6.9%

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of several existing circumstances that could significantly affect its financial health in the future.

- The District will need to continue to look for ways to cut costs in the coming years in the General Fund.

- Having a better inventory of equipment and establishing tighter internal regulations on purchases will help prevent unnecessary expenditures.
- Low allowable growth over several years may negatively impact the District's spending authority. Contractual increases and program changes cannot be made without thorough consideration of our unspent authorized budget.
- The District is using the operational sharing provisions to generate more money for the School.
- Local option sales and services tax revenues have a significant impact on building improvements.
- District enrollment of students served decreased by approximately 16 students in fiscal year 2021. Under Iowa's school funding formula, District funding is highly dependent upon District enrollment.
- Grants are sought to help with educational improvements in the District.
- The one to one iPad initiative continues in the District for students.
- Several building and grounds improvements are being done to keep facilities in good condition.
- Several new homes and businesses have been added in the District and will continue to see this growth in future years.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Robert Friday, Business Manager, Pleasantville Community School District, 415 Jones Street, Pleasantville, Iowa, 50225.

Basic Financial Statements

Statement of Net Position

June 30, 2020

	Governmental Activities	Business Type Activities	Total
Assets			
Cash, cash equivalents and pooled investments	\$ 4,770,934	148,280	4,919,214
Receivables:			
Property tax:			
Delinquent	39,546	-	39,546
Succeeding year	3,718,877	-	3,718,877
Accounts	2,436	-	2,436
Due from other funds	89,962	-	89,962
Due from other governments	715,229	-	715,229
Inventories	-	14,947	14,947
Prepaid expenses	62,606	1,871	64,477
Capital assets, net of accumulated depreciation	12,217,263	47,850	12,265,113
Total assets	21,616,853	212,948	21,829,801
Deferred Outflows of Resources			
Pension related deferred outflows	929,985	28,298	958,283
OPEB related deferred outflows	26,769	1,013	27,782
Total deferred outflows of resources	956,754	29,311	986,065
Liabilities			
Accounts payable	126,943	1,339	128,282
Salaries and benefits payable	772,818	24,370	797,188
Due to other funds	-	15,572	15,572
Due to other governments	126,712	-	126,712
Unearned revenue	-	7,181	7,181
Compensated absences	6,583	-	6,583
Accrued interest payable	64,270	-	64,270
Long-term liabilities:			
Portion due within one year:			
General obligation capital loan notes and bonds	388,133	-	388,133
Revenue bonds	220,000	-	220,000
Capital leases	33,029	-	33,029
Early retirement	38,301	-	38,301
Portion due after one year:			
General obligation capital loan notes and bonds	5,444,452	-	5,444,452
Revenue bonds	2,365,000	-	2,365,000
Early retirement	142,436	-	142,436
Net pension liability	3,749,910	114,104	3,864,014
Total OPEB liability	381,435	14,427	395,862
Total liabilities	13,860,022	176,993	14,037,015
Deferred Inflows of Resources			
Unavailable property tax revenue	3,718,877	-	3,718,877
Pension related deferred inflows	629,701	19,160	648,861
OPEB related deferred inflows	162,027	6,131	168,158
Total deferred inflows of resources	4,510,605	25,291	4,535,896
Net Position			
Net investment in capital assets	3,937,263	47,850	3,985,113
Restricted for:			
Debt service	552,359	-	552,359
Management levy purposes	256,305	-	256,305
Student activities	192,705	-	192,705
School infrastructure	1,061,876	-	1,061,876
Physical plant and equipment	738,699	-	738,699
Unrestricted	(2,536,227)	(7,875)	(2,544,102)
Total net position	\$ 4,202,980	39,975	4,242,955

See notes to financial statements.

Statement of Activities

Year ended June 30, 2020

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	Total
Functions / Programs:							
Governmental activities:							
Instruction:							
Regular instruction	\$ 3,142,924	453,833	1,003,551	-	(1,685,540)	-	(1,685,540)
Special instruction	1,445,419	72,644	107,101	-	(1,265,674)	-	(1,265,674)
Other instruction	1,396,284	197,407	14,256	-	(1,184,621)	-	(1,184,621)
	<u>5,984,627</u>	<u>723,884</u>	<u>1,124,908</u>	<u>-</u>	<u>(4,135,835)</u>	<u>-</u>	<u>(4,135,835)</u>
Support services:							
Student	150,285	-	-	-	(150,285)	-	(150,285)
Instructional staff	78,084	-	-	-	(78,084)	-	(78,084)
Administration	1,177,063	10,476	-	-	(1,166,587)	-	(1,166,587)
Operation and maintenance of plant	762,402	225	-	-	(762,177)	-	(762,177)
Transportation	338,398	947	-	-	(337,451)	-	(337,451)
	<u>2,506,232</u>	<u>11,648</u>	<u>-</u>	<u>-</u>	<u>(2,494,584)</u>	<u>-</u>	<u>(2,494,584)</u>
Non-instructional programs	644	-	-	-	(644)	-	(644)
Other expenditures:							
Facilities acquisition	57,371	-	-	85,000	27,629	-	27,629
Long-term debt interest	267,265	-	9,999	-	(257,266)	-	(257,266)
AEA flowthrough	298,971	-	298,971	-	-	-	-
Depreciation (unallocated)*	456,478	-	-	-	(456,478)	-	(456,478)
	<u>1,080,085</u>	<u>-</u>	<u>308,970</u>	<u>85,000</u>	<u>(686,115)</u>	<u>-</u>	<u>(686,115)</u>
Total governmental activities	9,571,588	735,532	1,433,878	85,000	(7,317,178)	-	(7,317,178)
Business type activities:							
Non-instructional programs:							
Food service operations	428,530	148,556	198,839	-	-	(81,135)	(81,135)
Total	<u>\$ 10,000,118</u>	<u>884,088</u>	<u>1,632,717</u>	<u>85,000</u>	<u>(7,317,178)</u>	<u>(81,135)</u>	<u>(7,398,313)</u>
General Revenues:							
Property tax levied for:							
General purposes					\$ 2,641,938	-	2,641,938
Debt service					426,812	-	426,812
Capital outlay					309,728	-	309,728
Statewide sales, services and use tax					706,173	-	706,173
Income surtax					346,454	-	346,454
Unrestricted state grants					3,765,943	-	3,765,943
Unrestricted investment earnings					12,334	1,849	14,183
Other					123,350	-	123,350
Gain on sale of assets					16,387	-	16,387
Total general revenues					<u>8,349,119</u>	<u>1,849</u>	<u>8,350,968</u>
Change in net position					1,031,941	(79,286)	952,655
Net position beginning of year					3,171,039	119,261	3,290,300
Net position end of year					<u>\$ 4,202,980</u>	<u>39,975</u>	<u>4,242,955</u>

* This amount excludes the depreciation that is included in the direct expenses of the various programs.

See notes to financial statements.

Pleasantville Community School District

Exhibit C

Balance Sheet
Governmental Funds

June 30, 2020

	General	Capital Projects	Nonmajor	Total
Assets				
Cash, cash equivalents and pooled investments	\$ 2,019,747	2,027,389	723,798	4,770,934
Receivables:				
Property tax:				
Delinquent	27,470	3,680	8,396	39,546
Succeeding year	2,649,120	341,319	728,438	3,718,877
Accounts	-	-	2,436	2,436
Due from other funds	92,669	98,570	10,995	202,234
Due from other governments	655,789	59,440	-	715,229
Prepaid expenditures	62,606	-	-	62,606
Total assets	\$ 5,507,401	2,530,398	1,474,063	9,511,862
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	\$ 61,161	62,622	3,161	126,944
Salaries and benefits payable	772,817	-	-	772,817
Due to other funds	109,565	2,707	-	112,272
Due to other governments	126,712	-	-	126,712
Compensated absences	6,583	-	-	6,583
Total liabilities	1,076,838	65,329	3,161	1,145,328
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	2,649,120	341,319	728,438	3,718,877
Other	407,657	-	-	407,657
Total deferred inflows of resources	3,056,777	341,319	728,438	4,126,534
Fund balances:				
Nonspendable:				
Prepaid expenditures	62,606	-	-	62,606
Restricted for:				
Debt service	-	323,175	293,454	616,629
Management levy purposes	-	-	256,305	256,305
Student activities	-	-	192,705	192,705
School infrastructure	-	1,061,876	-	1,061,876
Physical plant and equipment	-	738,699	-	738,699
Unassigned	1,311,180	-	-	1,311,180
Total fund balances	1,373,786	2,123,750	742,464	4,240,000
Total liabilities, deferred inflows of resources and fund balances	\$ 5,507,401	2,530,398	1,474,063	9,511,862

See notes to financial statements.

Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Position

June 30, 2020

Total fund balances of governmental funds (page 18) **\$ 4,240,000**

***Amounts reported for governmental activities in the
Statement of Net Position are different because:***

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.

12,217,263

Other long-term assets are not available to pay current period expenditures and, therefore, are recognized as deferred inflows of resources in the governmental funds.

407,657

Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.

(64,270)

Pension and OPEB related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:

Deferred outflows of resources
Deferred inflows of resources

\$ 956,754
(791,728)

165,026

Long-term liabilities, including general obligation bonds payable, revenue bonds payable, early retirement payable, total OPEB liability and net pension liability are not due and payable in the current period and, therefore, are not reported in the governmental funds.

(12,762,696)

Net assets of governmental activities (page 16)

\$ 4,202,980

See notes to financial statements.

Pleasantville Community School District

Exhibit E

Statement of Revenues, Expenditures
and Changes in Fund Balances
Governmental Funds

Year ended June 30, 2020

	General	Capital Projects	Nonmajor	Total
Revenues:				
Local sources:				
Local tax	\$ 2,692,458	307,908	718,025	3,718,391
Tuition	408,252	-	-	408,252
Other	184,815	85,295	214,403	484,513
State sources	4,969,050	707,698	3,359	5,680,107
Federal sources	236,241	-	-	236,241
Total revenues	8,490,816	1,100,901	935,787	10,527,504
Expenditures:				
Current:				
Instruction:				
Regular	3,078,898	-	23,905	3,102,803
Special	1,333,902	-	6,096	1,339,998
Other	1,133,676	-	195,647	1,329,323
	5,546,476	-	225,648	5,772,124
Support services:				
Student	142,020	-	611	142,631
Instructional staff	14,942	62,504	45	77,491
Administration	995,405	-	113,251	1,108,656
Operation and maintenance of plant	667,988	-	30,852	698,840
Transportation	282,692	40,649	12,694	336,035
	2,103,047	103,153	157,453	2,363,653
Non-instructional programs	-	-	644	644
Other expenditures:				
Facilities acquisition	-	666,054	-	666,054
Long-term debt:				
Principal	-	-	616,701	616,701
Interest and fiscal charges	-	-	276,545	276,545
AEA flowthrough	298,971	-	-	298,971
	298,971	666,054	893,246	1,858,271
Total expenditures	7,948,494	769,207	1,276,991	9,994,692
Excess (deficiency) of revenues over (under) expenditures	542,322	331,694	(341,204)	532,812
Other financing sources (uses):				
Proceeds of capital asset sales	16,387	-	-	16,387
Transfers in	-	-	454,004	454,004
Transfers out	-	(454,004)	-	(454,004)
Total other financing sources (uses)	16,387	(454,004)	454,004	16,387
Change in fund balances	558,709	(122,310)	112,800	549,199
Fund balances beginning of year	815,077	2,246,060	629,664	3,690,801
Fund balances end of year	\$ 1,373,786	2,123,750	742,464	4,240,000

See notes to financial statements.

Pleasantville Community School District

Exhibit F

Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds
to the Statement of Activities

Year ended June 30, 2020

Net change in fund balances - total governmental funds (page 20) **\$ 549,199**

*Amounts reported for governmental activities in the
Statement of Activities are different because:*

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Activities and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Capital outlay expenditures were less than depreciation expense in the current year, as follows:

Expenditures for capital assets	\$ 713,254	
Depreciation expense	<u>(587,261)</u>	125,993

Because some revenues will not be collected for several months after the year end, they are not considered available revenue and are recognized as deferred inflows of resources in the governmental funds.	59,638
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Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	616,701
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Amortization of premiums on bonds payable did not provide or use current financial resources of governmental funds but it decreases liabilities in the Statement of Net Position.	8,133
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Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due.	1,146
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The current year District IPERS contributions are reported as expenditures in the governmental funds, but are reported as deferred outflows of resources in the Statement of Net Position.	469,130
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:

Early retirement	(126,912)	
Pension expense	(663,342)	
OPEB expense	<u>(7,745)</u>	<u>(797,999)</u>

Change in net position of governmental activities (page 17) **\$ 1,031,941**

Pleasantville Community School District

Exhibit G

Statement of Net Position
Proprietary Funds

June 30, 2020

	Nonmajor Enterprise, School Nutrition
Assets	
Current assets:	
Cash, cash equivalents and pooled investments	\$ 148,280
Inventories	14,947
Prepaid expenses	1,871
Total current assets	<u>165,098</u>
Noncurrent assets:	
Capital assets, net of accumulated depreciation	47,850
Total noncurrent assets	<u>47,850</u>
Total assets	<u>212,948</u>
Deferred Outflows of Resources	
Pension related deferred outflows	28,298
OPEB related deferred outflows	1,013
Total deferred outflows of resources	<u>29,311</u>
Liabilities	
Current liabilities:	
Accounts payable	1,339
Salaries and benefits payable	24,370
Due to other funds	15,572
Unearned revenue	7,181
Total current liabilities	<u>48,462</u>
Noncurrent liabilities:	
Net pension liability	114,104
Total OPEB liability	14,427
Total noncurrent liabilities	<u>128,531</u>
Total liabilities	<u>176,993</u>
Deferred Inflows of Resources	
Pension related deferred inflows	19,160
OPEB related deferred inflows	6,131
Total deferred inflows of resources	<u>25,291</u>
Net Position	
Net investment in capital assets	47,850
Restricted for:	
Other purposes	1,181
Unrestricted	<u>(9,056)</u>
Total net position	<u>\$ 39,975</u>

See notes to financial statements.

Pleasantville Community School District

Exhibit H

Statement of Revenues, Expenses
and Changes in Fund Net Position
Proprietary Funds

Year ended June 30, 2020

	<u>Nonmajor Enterprise, School Nutrition</u>
Operating revenues:	
Local sources:	
Charges for service	\$ 148,556
Miscellaneous	7,127
Total operating revenue	<u>155,683</u>
Operating expenses:	
Non-instructional programs:	
Salaries	121,255
Benefits	86,693
Supplies	212,745
Depreciation	7,837
Total operating expenses	<u>428,530</u>
Operating loss	<u>(272,847)</u>
Non-operating revenues:	
State sources	3,967
Federal sources	187,745
Interest income	1,849
Total non-operating revenues	<u>193,561</u>
Decrease in net position	(79,286)
Net position beginning of year	<u>119,261</u>
Net position end of year	<u>\$ 39,975</u>

See notes to financial statements.

Pleasantville Community School District

Exhibit I

Statement of Cash Flows
Proprietary Funds

Year ended June 30, 2020

	Nonmajor Enterprise, School Nutrition
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 154,043
Cash received from miscellaneous operating activities	7,127
Cash paid to employees for services	(189,737)
Cash paid to suppliers for goods and services	(167,951)
Net cash used by operating activities	<u>(196,518)</u>
Cash flows from non-capital financing activities:	
State grants received	3,967
Federal grants received	157,003
Net cash provided by non-capital financing activities	<u>160,970</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(29,172)
Interfund loan increase	455
Net cash used by capital and related financing activities	<u>(28,717)</u>
Cash flows from investing activities:	
Interest on investments	<u>1,849</u>
Net decrease in cash and cash equivalents	(62,416)
Cash and cash equivalents beginning of year	<u>210,696</u>
Cash and cash equivalents end of year	<u>\$ 148,280</u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (272,847)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Commodities used	30,742
Depreciation	7,837
Increase in inventories	(7,202)
Increase in prepaid expenses	(1,871)
Increase in accounts payable	1,339
Increase in salaries and benefits payable	1,366
Increase in unearned revenue	5,487
Increase in net pension liability	29,115
Increase in deferred outflows of resources	(4,528)
Increase in deferred inflows of resources	18,820
Decrease in OPEB liability	(4,776)
Net cash used by operating activities	<u>\$ (196,518)</u>

Non-cash investing, capital and financing activities:

During the year ended June 30, 2020, the District received \$30,742 of federal commodities.

See notes to financial statements.

Pleasantville Community School District

Exhibit J

Statement of Fiduciary Net Position
Fiduciary Funds

June 30, 2020

	Private Purpose Trust Scholarship
Assets	
Cash, cash equivalents and pooled investments	\$ 435,522
Total assets	<u>435,522</u>
Liabilities	
Due to other funds	<u>74,390</u>
Total liabilities	<u>74,390</u>
Net Position	
Restricted for scholarships	<u>\$ 361,132</u>

See notes to financial statements.

Pleasantville Community School District
Statement of Changes in Fiduciary Net Position
Fiduciary Funds

Exhibit K

Year ended June 30, 2020

	Private Purpose Trust Scholarship
Additions:	
Local sources:	
Interest income	\$ 11,014
Total additions	<u>11,014</u>
Deductions:	
Instruction:	
Regular:	
Scholarships awarded	<u>10,655</u>
Change in net position	359
Net position beginning of year	<u>360,773</u>
Net position end of year	<u><u>\$ 361,132</u></u>

See notes to financial statements.

Pleasantville Community School District

Notes to Financial Statements

June 30, 2020

(I) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Pleasantville Community School District (District) is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and pre-kindergarten. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as career and technical and recreational courses. The geographic area served includes the Cities of Pleasantville and Swan, Iowa, and the predominate agricultural territory of Marion and Warren Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, the District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District. The District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Marion County Assessor's Conference Board.

B. Basis of Presentation

Government-wide Financial Statements – The Statement of Net Position and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Position presents the District's nonfiduciary assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in the following categories:

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

Restricted net position results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position consists of net position not meeting the definition of the preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements – Separate financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds. Combining schedules are also included for the Capital Projects Fund accounts.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities and other capital assets.

The District reports the following non-major proprietary fund:

The District's proprietary fund is the School Nutrition Fund. The Enterprise, School Nutrition Fund is used to account for the food service operations of the District.

The District also reports fiduciary funds which focus on net position and changes in net position. The District's fiduciary funds include the following:

The Private Purpose Trust Fund is used to account for assets held by the District under trust agreements which require income earned to be used to benefit individuals through scholarship awards.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt, proceeds of revenue bonds and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the District's policy is generally to first apply the expenditure toward restricted fund balance and then to less-restrictive classifications – committed, assigned and then unassigned fund balances.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Fund is charges to customers for sales and services. Operating expenses for Enterprise Funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Assets, Deferred Outflow of Resources, Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position

The following accounting policies are followed in preparing the financial statements:

Cash, Cash Equivalents and Pooled Investments - The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust and the Goldman Sachs Financial Square Funds – Government Fund which are valued at amortized cost and non-negotiable certificates of deposit which are stated at amortized cost.

For purposes of the Statement of Cash Flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable - Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is reported as a deferred inflow of resources in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1 1/2% per month penalty for delinquent payments; is based on January 1, 2018 assessed property valuations; is for the tax accrual period July 1, 2019 through June 30, 2020 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2019.

Due From Other Governments - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories - Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets – Capital assets, which include property, furniture and equipment and intangibles acquired after July 1, 1980 are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Position. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value. Acquisition value is the price that would have been paid to acquire a capital asset with equivalent service potential. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Land	\$ 1,500
Buildings	1,500
Improvements other than buildings	1,500
Intangibles	10,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	1,500

Capital assets are depreciated/amortized using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives (In Years)
Buildings	50 years
Improvements other than buildings	20-50 years
Intangibles	5-10 years
Furniture and equipment	5-15 years

Deferred Outflows of Resources – Deferred outflows of resources represent a consumption of net position applicable to a future year(s) which will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension and OPEB expense, the unamortized portion of the net difference between projected and actual earnings on pension plan investments and contributions from the District after the measurement date but before the end of the District's reporting period and other OPEB related amounts.

Salaries and Benefits Payable - Payroll and related expenditures for employees with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

Compensated Absences – District employees accumulate a limited amount of earned but unused vacation time; however, the unused amounts are not paid at termination, death or retirement, except for one employee. This compensation was due to this employee at June 30, 2020, and as a result, it is shown in the General Fund and in the Statement of Net Position as a liability.

Unearned Revenue – Unearned revenues are monies collected for meals that have not yet been served. The meal account balances will either be reimbursed, or will be used when meals are served. The meal account balances are reflected in the Statement of Net Position in the Proprietary, School Nutrition Fund.

Long-Term Liabilities – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Position.

Pensions – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to/deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments, including refunds of employee contributions, are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The net pension liability attributable to the governmental activities will be paid primarily by the General Fund.

Total OPEB Liability – For purposes of measuring the total OPEB liability, deferred outflows of resources related to OPEB and OPEB expense, information has been determined based on the District's actuary report. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The total OPEB liability attributable to the governmental activities will be paid primarily by the General Fund and the Enterprise, School Nutrition Fund.

Deferred Inflows of Resources – Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the fund financial statements consist of income surtax, as well as property tax receivable and other receivables not collected within sixty days after year end and succeeding year property tax receivable that will not be recognized until the year for which it is levied.

Deferred inflows of resources in the Statement of Net Position consist of succeeding year property tax receivables that will not be recognized until the year for which it is levied and unrecognized items not yet charged to pension expense and related amounts associated with OPEB.

Bond Premiums – In the government-wide financial statements bond premiums are deferred and amortized ratably over the term of the loan. Bonds payable are reported net of the applicable bond premium.

Fund Balance – In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable – Amounts which cannot be spent because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted - Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Unassigned – All amounts not included in the preceding classification.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary information. During the year ended June 30, 2020, expenditures exceeded the amounts budgeted in the other expenditures function.

(2) CASH, CASH EQUIVALENTS AND POOLED INVESTMENTS

The District's deposits in banks at June 30, 2020 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. However, at times during the year, the District's deposits in banks were not entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

Interest rate risk – The District's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) to instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days, but the maturities shall be consistent with the needs and use of the District.

At June 30, 2020, the District had investments in the Iowa Schools Joint Investment Trust Direct (ISJIT) Government Obligations Portfolio which are valued at an amortized cost of \$243,111 pursuant to Rule 2a-7 under the Investment Company Act of 1940. There were no limitations or restrictions on withdrawals of the ISJIT investments. The investments in ISJIT were rated AAAm by Standard & Poor's Financial Services.

At June 30, 2020, the District had investments in the Goldman Sachs Financial Square Funds – Government Fund which are valued at an amortized cost of \$593,757, pursuant to Rule 2a-7 under the Investment Company Act of 1940. There were no limitations or restrictions on withdrawals of the Goldman Sachs investments. The investment in Goldman Sachs Financial Square Funds – Government Fund was rated AAAm by Standard & Poor's Financial Services.

At June 30, 2020, the District held U.S. Treasury Notes with a fair value of \$272,328. At June 30, 2020, the District held Principal Financial Group, Inc. stock with a fair market value of \$4,154. The District uses the fair value hierarchy established by generally accepted accounting principles based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs. The recurring fair values of the U.S. Treasury Notes and the Principal Financial Group, Inc. stock was determined using quoted market prices. (Level 1 inputs).

(3) DUE FROM AND DUE TO OTHER FUNDS

The detail of interfund receivables and payables at June 30, 2020 is as follows:

Receivable Fund	Payable Fund	Amount
General	Capital Projects:	
	Statewide Sales, Services and Use Tax	\$ 2,707
	Proprietary:	
	School Nutrition	15,572
	Fiduciary:	
	Scholarship	74,390
		<u>92,669</u>
Special Revenue:		
Management Levy	General	3,285
Capital Projects:		
Statewide Sales, Services and Use Tax	General	60,000
Capital Projects:		
Physical Plant and Equipment Levy	General	38,570
Debt Service	General	7,710
		<u>109,565</u>
Total		<u>\$ 202,234</u>

The above due from/to amounts represents corrections of incorrect recording of transactions, and money due from one fund to another fund in order to record the related expenditures in the proper fund.

(4) INTERFUND TRANSFERS

The detail of interfund transfers for the year ended June 30, 2020 is as follows:

Transfer to	Transfer from	Amount
Debt Service	Capital Projects:	
	Statewide Sales, Services and Use Tax	\$ 307,488
	Capital Projects:	
	Physical Plant and Equipment Levy	<u>146,516</u>
Total		<u>\$ 454,004</u>

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

(5) CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2020 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 78,500	-	-	78,500
Total capital assets not being depreciated	78,500	-	-	78,500
Capital assets being depreciated:				
Buildings	16,252,301	63,030	-	16,315,331
Improvements other than buildings	464,047	457,099	-	921,146
Furniture and equipment	1,930,201	193,125	37,766	2,085,560
Total capital assets being depreciated	18,646,549	713,254	37,766	19,322,037
Less accumulated depreciation for:				
Buildings	4,837,844	456,478	-	5,294,322
Improvements other than buildings	318,420	34,272	-	352,692
Furniture and equipment	1,477,515	96,511	37,766	1,536,260
Total accumulated depreciation	6,633,779	587,261	37,766	7,183,274
Total capital assets being depreciated, net	12,012,770	125,993	-	12,138,763
Governmental activities capital assets, net	\$ 12,091,270	125,993	-	12,217,263
Business type activities:				
Furniture and equipment	\$ 90,941	29,172	-	120,113
Less accumulated depreciation	64,426	7,837	-	72,263
Business type activities capital assets, net	\$ 26,515	21,335	-	47,850

Depreciation expense was charged to the following functions:

Governmental activities:

Instruction:

Regular	\$ 1,464
Other	36,300

Support services:

Administration	6,734
Operation and maintenance of plant	52,415
Transportation	33,870

Unallocated

130,783
456,478

Total depreciation expense - governmental activities

\$ 587,261

Business type activities:

Food service operations

\$ 7,837

(6) LONG-TERM LIABILITIES

Changes in long-term liabilities for the year ended June 30, 2020 are summarized as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
General obligation capital loan notes	\$ 225,000	-	110,000	115,000	115,000
General obligation bonds	5,840,000	-	260,000	5,580,000	265,000
Unamortized bond premium	145,718	-	8,133	137,585	8,133
Revenue bonds	2,800,000	-	215,000	2,585,000	220,000
Capital leases	64,730	-	31,701	33,029	33,029
Early retirement	53,825	137,677	10,765	180,737	38,301
Net pension liability	4,134,925	-	385,015	3,749,910	-
Total OPEB liability	515,218	-	133,783	381,435	-
Total	\$ 13,779,416	137,677	1,154,397	12,762,696	679,463
Business type activities:					
Net pension liability	\$ 84,989	29,115	-	114,104	-
Total OPEB liability	19,203	-	4,776	14,427	-
Total	\$ 104,192	29,115	4,776	128,531	-

General Obligation Capital Loan Notes

Details of the District's June 30, 2020 general obligation capital loan notes indebtedness are as follows:

Year Ending June 30,	Bond Issue of August 28, 2012			
	Interest Rates	Principal	Interest	Total
2021	1.70%	\$ 115,000	1,455	116,455
Total		\$ 115,000	1,455	116,455

On August 28, 2012, the District issued \$975,000 of general obligation school capital loan notes to pay for the costs of school infrastructure improvements. The notes bear interest at rates ranging from 0.40% to 1.70% per annum. During the year ended June 30, 2020, principal and interest paid were \$110,000 and \$3,605, respectively.

General Obligation Bonds

Details of the District's June 30, 2020 general obligation bonded indebtedness are as follows:

Year Ending June 30,	Bond Issue of June 1, 2017			
	Interest Rates	Principal	Interest	Total
2021	2.25%	\$ 265,000	162,438	427,438
2022	2.25%	270,000	156,475	426,475
2023	2.25%	275,000	150,400	425,400
2024	2.50%	285,000	144,212	429,212
2025	2.50%	290,000	137,088	427,088
2026-2030	2.50-3.00%	1,570,000	568,673	2,138,673
2031-2035	3.00-3.35%	1,810,000	324,313	2,134,313
2036-2037	3.50%	815,000	43,050	858,050
Total		\$ 5,580,000	1,686,649	7,266,649

On May June 1, 2017, the District issued \$6.355,000 of general obligation school bonds to pay the costs of building improvements, a building addition and parking lot improvements. The bonds bear interest at rates ranging from 2.00% to 3.50% per annum. During the year ended June 30, 2020, principal and interest paid were \$260,000 and \$167,638, respectively.

Revenue Bonds

Details of the District's June 30, 2020 statewide sales, services and use tax revenue bonded indebtedness are as follows:

Year Ending June 30,	Bond Issue of August 1, 2011			
	Interest Rates	Principal	Interest	Total
2021	3.00%	\$ 220,000	93,188	313,188
2022	3.15%	225,000	86,344	311,344
2023	3.30%	230,000	79,005	309,005
2024	3.45%	240,000	71,070	311,070
2025	3.60%	250,000	62,430	312,430
2026-2030	3.80-4.25%	1,420,000	152,735	1,572,735
Total		\$ 2,585,000	544,772	3,129,772

The District has pledged future statewide sales, services and use tax revenues to repay the \$4,100,000 bonds issued in August 2011. The bonds were issued for the purpose of financing a portion of the costs of major school improvements. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District and are payable through fiscal year 2030. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds are expected to require nearly 44% of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the bonds is \$3,129,772. For the current year, principal and interest paid on the bonds and total statewide sales, services and use tax revenues were \$314,390 and \$706,173, respectively.

The resolution providing for the issuance of the statewide sales, services and use tax revenue bonds includes the following provisions:

- a) All proceeds from the statewide sales, services and use tax shall be placed in a Revenue Account.

- b) \$323,175 of the proceeds from the issuance of the revenue bonds shall be deposited to the reserve account to be used solely for the purpose of paying principal and interest on the bonds if insufficient money is available in the sinking account. The balance of the proceeds shall be deposited in the project account.
- c) Monies in the revenue account shall be disbursed to make deposits into a sinking account to pay the principal and interest requirements of the revenue bonds for the fiscal year.
- d) Any monies remaining in the revenue account after the required transfer to the sinking account may be transferred to the project account to be used for any lawful purpose.

Capital Leases

On July 15, 2018, the District entered into a capital lease agreement for the purchase of computer equipment for the District's one-to-one iPad initiative. The lease bears interest at 4.19% per annum and is payable in three yearly installments of \$34,413, with the first installment due beginning July 15, 2018.

The lease will be paid from physical plant and equipment levy revenues or from statewide sales, services and use tax revenues. The following is a schedule of future minimum lease payments under the capital lease, together with the net present value of the minimum lease payments as of June 30, 2020.

Year Ended June 30,	Computer Lease Amount
2021	\$ 34,413
Minimum Lease Payments	34,413
Less Amount Representing Interest	(1,384)
Present Value of Minimum Lease Payments	<u>\$ 33,029</u>

During the year ended June 30, 2020, the District paid principal and interest of \$31,701 and \$2,712, respectively, on the capital lease.

These leased assets were not capitalized as the assets are individually under the capitalization threshold.

Early Retirement

During the fiscal year, the District had two early retirement plans in effect. A discussion of these two different plans are as follows:

- The District approved a voluntary early retirement plan for all employees effective for the 2018-2019 school year. Eligible employees must be at least fifty-five and employees must have completed five years of full-time service to the District. Employees must complete an application which is required to be approved by the Board of Education.

The early retirement benefit for each eligible employee consists of \$25,000, paid in equal annual installments on or about July 20th over a five-year period. The monies received by the employees will be paid out as payroll. The retired employee may also continue participation in the District's health insurance group at the employee's own expense.

At June 30, 2020, the District had obligations to two participants with a total liability of \$43,060. Actual early retirement expenditures for this plan for the year ended June 30, 2020 totaled \$10,765.

- The District approved a voluntary early retirement plan for all employees effective for the 2019-2020 school year. Eligible employees must be at least fifty-five and employees must have completed ten years of full-time service to the District. Employees must complete an application which is required to be approved by the Board of Education.

The early retirement benefit for each eligible teacher employee consists of \$25,000, paid in equal annual installments on or about July 20th over a five-year period. The early retirement benefit for each eligible support staff employee consists of \$25,000, paid in equal annual installments on or about July 20th over a five-year period. At the option of the employee, the monies received by the employees will either be paid out as payroll or deposited to the employees' health reimbursement account. The retired employee may also continue participation in the District's health insurance group at the employee's own expense.

At June 30, 2020, the District had obligations to seven participants with a total liability of \$137,677. Actual early retirement expenditures for this plan for the year ended June 30, 2020 totaled \$0.

Early retirement is recorded as a long-term liability of the Governmental Activities in the Statement of Net Position.

(7) **OPERATING LEASES**

The District entered into a lease on July 23, 2018 to lease copier equipment at \$1,104 per month. The lease has been classified as an operating lease and, accordingly, all rents are charged to expense as incurred. The lease expires on August 2023.

The following is a schedule of future payments required under the operating lease which has an initial or remaining non-cancelable lease term in excess of one year as of June 30, 2020:

Year Ended June 30,	Amount
2021	\$ 13,248
2022	13,248
2022	13,248
2023	2,208
	<u>\$ 41,952</u>

During the fiscal year, total expenditures incurred in relation to these lease agreements were \$13,248.

(8) **PENSION PLAN**

Plan Description - IPERS membership is mandatory for employees of the District, except for those covered by another retirement system. Employees of the District are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at P.O. Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

IPERS benefits are established under Iowa Code chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits – A regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, any time after reaching age 62 with 20 or more years of covered employment or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. These qualifications must be met on the member's first month of entitlement to benefits. Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier (based on years of service).

- The member's highest five-year average salary, except members with service before June 30, 2012 will use the highest three-year average salary as of that date if it is greater than the highest five-year average salary.

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month that the member receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50% for each month that the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits - A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions - Contribution rates are established by IPERS following the annual actuarial valuation which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2020, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the District contributed 9.44% of covered payroll, for a total rate of 15.73%.

The District's contributions to IPERS for the year ended June 30, 2020 totaled \$483,402.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2020, the District reported a liability of \$3,864,014 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2019, the District's proportion was 0.0667284%, which was an increase of 0.000045% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020 the District recognized pension expense of \$715,670. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 10,712	138,930
Changes of assumptions	413,891	-
Net difference between projected and actual earnings on IPERS' investments	-	435,427
Changes in proportion and differences between District contributions and the District's proportionate share of contributions	50,278	74,504
District contributions subsequent to the measurement date	483,402	-
Total	<u>\$ 958,283</u>	<u>648,861</u>

\$483,402 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Amount
2021	\$ 85,443
2022	(94,820)
2023	(77,730)
2024	(76,765)
2025	(10,108)
	<u>\$ (173,980)</u>

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions - The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Rate of Inflation (effective June 30, 2017)	2.60% per annum.
Rates of salary increase (effective June 30, 2017)	3.25 to 16.25%, average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 2017)	7.00% compounded annually, net of investment expense, including inflation.
Wage growth (effective June 30, 2017)	3.25% per annum, based on 2.60% inflation and 0.65% real wage inflation.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an economic assumption study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

Mortality rates used in the 2019 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

The long-term expected rate of return on IPERS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity	22.0 %	5.60 %
International equity	15.0	6.08
Global smart beta equity	3.0	5.82
Core plus fixed income	27.0	1.71
Public credit	3.5	3.32
Public real assets	7.0	2.81
Cash	1.0	(0.21)
Private equity	11.0	10.13
Private real assets	7.5	4.76
Private credit	3.0	3.01
Total	100.0 %	

Discount Rate - The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the District will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payment to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.00%) or 1% higher (8.00%) than the current rate.

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net pension liability	\$ 6,861,242	3,864,014	1,349,973

IPERS' Fiduciary Net Position - Detailed information about IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org.

Payables to IPERS - At June 30, 2020, the District reported payables to IPERS of \$0 for legally required District contributions and \$0 for legally required employee contributions withheld from employee wages which had not yet been remitted to IPERS.

(9) OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description - The District administers a single-employer benefit plan which provides medical and prescription drug benefits for employees, retirees and their spouses. Group insurance benefits are established under Iowa Code Chapter 509A.13. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

OPEB Benefits – Individuals who are employed by the District and are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement. Retirees under age 65 pay the same premium for the medical and prescription drug benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

Retired participants must be age 55 or older at retirement. At June 30, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	5
Active employees	<u>74</u>
Total	<u><u>79</u></u>

Total OPEB Liability – The District’s total OPEB liability of \$395,862 was measured as of June 30, 2019, and was determined by an actuarial valuation as of June 30, 2019.

Actuarial Assumptions – The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement.

Rate of Inflation (effective June 30, 2019)	2.25% per annum.
Rates of salary increase (effective June 30, 2019)	3.25% per annum.
Discount rate (effective June 30, 2019)	3.13% per annum.
Healthcare cost trend rate (effective June 30, 2019)	6.40% initial rate gradually decreasing over several decades to an ultimate rate of 3.8% in fiscal year 2076 and later years.

Discount Rate – The discount rate used to measure the total OPEB liability was 3.13% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates were based on the RP-2014 mortality tables with projected mortality improvements based on scale MP-2017, and other adjustments. Annual retirement probabilities are based on varying rates by age and turnover probabilities mirror those used by IPERS.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience studies with dates corresponding to those listed above.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Total OPEB liability beginning of year	\$ 534,421
Changes for the year:	
Service cost	38,569
Interest	20,282
Differences between expected and actual experiences	(149,668)
Changes in assumptions	(22,310)
Benefit payments	(25,432)
Net changes	(138,559)
Total OPEB liability end of year	<u>\$ 395,862</u>

Changes of assumptions reflect a change in the discount rate from 3.62% in fiscal year 2019 to 3.13% in fiscal year 2020.

Sensitivity of the District's Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (2.13%) or 1% higher (4.13%) than the current discount rate.

	1% Decrease (2.13%)	Discount Rate (3.13%)	1% Increase (4.13%)
Total OPEB liability	\$ 419,178	395,862	373,132

Sensitivity of the District's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the District as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (5.40%) or 1% higher (7.40%) than the current healthcare cost trend rates.

	1% Decrease (5.40%)	Healthcare Cost Trend Rate (6.40%)	1% Increase (7.40%)
Total OPEB liability	\$ 360,155	395,862	437,063

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2020, the District recognized OPEB expense of \$35,925. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ -	132,280
Contributions between measurement date and reporting date	27,782	35,878
Total	<u>\$ 27,782</u>	<u>168,158</u>

\$27,282 reported as deferred outflows of resources related to OPEB resulting from the District contributions between measurement date and reporting date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2020. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	Amount
2021	\$ (22,926)
2022	(22,926)
2023	(22,926)
2024	(22,926)
2025	(22,926)
Thereafter	(53,528)
	<u>\$ (168,158)</u>

(10) RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(11) PARTIAL SELF-FUNDING

The District self-funds a portion of health insurance deductibles for its employees. The plan is funded by both employee and District contributions and is administered by a third-party administrator. The District self-funds up to \$5,650 per individual or \$11,300 per family, with employees contributing the first \$2,000 to \$6,560, depending on the plan chosen. Total amount paid by the District for the year ended June 30, 2020, for the partial self-funded health insurance was \$97,859.

(12) AREA EDUCATION AGENCY

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the Area Education Agency. The District's actual amount for this purpose totaled \$298,971 for the year ended June 30, 2020 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

(13) TAX ABATEMENTS

Governmental Accounting Standards Board Statement No. 77 defines tax abatements as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

Tax Abatements of Other Entities

Other entities within the District provide tax abatements for urban renewal and economic development projects pursuant to Chapters 15 and 403 of the Code of Iowa. Additionally, the City of Pleasantville offered an urban revitalization tax abatement program pursuant to Chapter 404 of the Code of Iowa. With prior approval by the governing body, this program provides for an exemption of taxes based on a percentage of the actual value added by improvements.

Property tax revenues of the District were reduced by the following amounts for the year ended June 30, 2020 under agreements entered into by the following entities:

Entity	Tax Abatement Program	Amount of Tax Abated
City of Pleasantville	Urban renewal and economic development projects	\$ 22,622
City of Pleasantville	Chapter 404 tax abatement program	16,202

The State of Iowa reimburses the District an amount equivalent to the increment of valuation on which property tax is divided times \$5.40 per \$1,000 of taxable valuation. For the year ended June 30, 2020, this reimbursement amounted to \$8,594.

(14) COMMITMENTS

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, primarily the federal government. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

(15) COVID-19

In March 2020, the COVID-19 outbreak was declared a global pandemic. The disruption to businesses across a range of industries in the United States continues to evolve. The full impact to local, regional and national economies, including that of the District, remains uncertain.

To date, the outbreak has not created a material disruption to the operations of the District. However, the extent of the financial impact of COVID-19 will depend on future developments, including the spread of the virus, duration and timing of the economic recovery. Due to these uncertainties, management cannot reasonably estimate the potential impact to the District's operations and finances.

(16) SUBSEQUENT EVENTS

The District has evaluated subsequent events through February 16, 2021, which is the date the financial statements were available to be issued.

In fiscal year 2021, the District refinanced its revenue bonds as noted in the notes to the financial statements number (6). The refinanced debt has a principal amount of \$2,091,000.

(17) PROSPECTIVE ACCOUNTING CHANGE

Governmental Accounting Standards Board has issued Statement No. 84, Fiduciary Activities. This statement will be implemented for the fiscal year ending June 30, 2021. The revised requirements of this statement will enhance the consistency and comparability of fiduciary activity reporting by state and local governments by establishing specific criteria for identifying fiduciary activities and clarifying whether and how business-type activities should report their fiduciary activities.

Required Supplementary Information

Pleasantville Community School District

Budgetary Comparison Schedule of
Revenues, Expenditures/Expenses and Changes in Balances -
Budget and Actual - All Governmental Funds and Proprietary Fund

Required Supplementary Information

Year ended June 30, 2020

	Governmental Funds Actual	Proprietary Funds Actual	Total Actual	Budgeted Amounts Original/Final	Final to Actual Variance
Revenues:					
Local sources	\$ 4,611,156	157,532	4,768,688	4,971,089	(202,401)
State sources	5,680,107	3,967	5,684,074	5,780,718	(96,644)
Federal sources	236,241	187,745	423,986	396,073	27,913
Total revenues	10,527,504	349,244	10,876,748	11,147,880	(271,132)
Expenditures/Expenses:					
Instruction	5,772,124	-	5,772,124	6,602,023	829,899
Support services	2,363,653	-	2,363,653	2,785,063	421,410
Non-instructional programs	644	428,530	429,174	436,152	6,978
Other expenditures	1,858,271	-	1,858,271	1,701,903	(156,368)
Total expenditures/expenses	9,994,692	428,530	10,423,222	11,525,141	1,101,919
Excess (deficiency) of revenues over (under) expenditures/expenses	532,812	(79,286)	453,526	(377,261)	830,787
Other financing sources, net	16,387	-	16,387	(49,100)	65,487
Change in fund balance	549,199	(79,286)	469,913	(426,361)	896,274
Balances beginning of year	3,690,801	119,261	3,810,062	3,594,923	215,139
Balances end of year	\$ 4,240,000	39,975	4,279,975	3,168,562	1,111,413

See accompanying independent auditor's report.

Pleasantville Community School District

Notes to Required Supplementary Information – Budgetary Reporting

Year ended June 30, 2020

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standard Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The Pleasantville Community School District's (District) budget is prepared on the GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District did not adopt a budget amendment.

During the year ended June 30, 2020, expenditures in the other expenditures function exceeded the amounts budgeted.

Pleasantville Community School District

Schedule of the District's Proportionate Share of the Net Pension Liability

Iowa Public Employees' Retirement System
For the Last Six Years*
(In Thousands)

Required Supplementary Information

	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.066728%	0.066684%	0.067413%	0.065966%	0.065591%	0.067278%
District's proportionate share of the net pension liability	\$ 3,864	4,220	4,491	4,151	3,241	2,668
District's covered payroll	\$ 5,078	5,012	5,032	4,734	4,494	4,402
District's proportionate share of the net pension liability as a percentage of its covered payroll	76.09%	84.20%	89.25%	87.68%	72.12%	60.61%
IPERS' net position as a percentage of the total pension liability	85.45%	83.62%	82.21%	81.82%	85.19%	87.61%

* In accordance with GASB Statement No. 68, the amounts presented for each fiscal year were determined as of June 30 of the preceding year.

See accompanying independent auditor's report.

Pleasantville Community School District

Schedule of District Contributions

Iowa Public Employees' Retirement System
For the Last Ten Years
(In Thousands)

Required Supplementary Information

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Statutorily required contribution	\$ 483	479	448	449	423	401	393	364	327	290
Contributions in relation to the statutorily required contribution	(483)	(479)	(448)	(449)	(423)	(401)	(393)	(364)	(327)	(290)
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-	-
District's covered payroll	\$ 5,121	5,078	5,012	5,032	4,734	4,494	4,402	4,198	4,052	4,173
Contributions as a percentage of covered payroll	9.44%	9.44%	8.93%	8.93%	8.93%	8.93%	8.93%	8.67%	8.07%	6.95%

See accompanying independent auditor's report.

Pleasantville Community School District

Notes to Required Supplementary Information – Pension Liability

Year ended June 30, 2020

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

The 2018 valuation implemented the following refinements as a result of a demographic assumption study dated June 28, 2018:

- Changed mortality assumptions to the RP-2014 mortality tables with mortality improvements modeled using Scale MP-2017.
- Adjusted retirement rates.
- Lowered disability rates.
- Adjusted the probability of a vested Regular member electing to receive a deferred benefit.
- Adjusted the merit component of the salary increase assumption.

The 2017 valuation implemented the following refinements as a result of an experience study dated March 24, 2017:

- Decreased the inflation assumption from 3.00% to 2.60%.
- Decreased the assumed rate of interest on member accounts from 3.75% to 3.50% per year.
- Decreased the discount rate from 7.50% to 7.00%.
- Decreased the wage growth assumption from 4.00% to 3.25%.
- Decreased the payroll growth assumption from 4.00% to 3.25%.

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Moved from an open 30-year amortization period to a closed 30-year amortization period for the UAL (unfunded actuarial liability) beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20-year period.

Pleasantville Community School District

Schedule of Changes in the District's
Total OPEB Liability, Related Ratios and Notes

For the Last Three Years
Required Supplementary Information

	2020	2019	2018
Service cost	\$ 38,569	36,968	38,771
Interest cost	20,282	18,850	15,386
Differences between expected and actual experiences	(149,668)	-	-
Changes in assumptions	(22,310)	(2,139)	(22,034)
Benefit payments	(25,432)	(23,545)	(32,000)
Net change in total OPEB liability	(138,559)	30,134	123
Total OPEB liability beginning of year	534,421	504,287	504,164
Total OPEB liability end of year	\$ 395,862	534,421	504,287
Covered employee payroll	\$ 5,157,044	4,984,219	5,146,536
Total OPEB liability as a percentage of of covered-employee payroll	7.70%	10.70%	9.80%

See accompanying Independent Auditor's Report.

Notes to Schedule of Changes in the District's Total OPEB Liability and Related Ratios

Changes in benefit terms:

There were no significant changes in benefit terms.

Changes in assumptions:

Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period.

Year ended June 30, 2020	3.13%
Year ended June 30, 2019	3.62%
Year ended June 30, 2018	3.56%
Year ended June 30, 2017	2.92%

Supplementary Information

Pleasantville Community School District

Schedule 1

Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2020

	Special Revenue			
	Student Activity	Management Levy	Debt Service	Total
Assets				
Cash, cash equivalents and pooled investments	\$ 193,430	249,591	280,777	723,798
Receivables:				
Property tax:				
Delinquent	-	3,429	4,967	8,396
Succeeding year	-	300,000	428,438	728,438
Accounts	2,436	-	-	2,436
Due from other funds	-	3,285	7,710	10,995
Total assets	\$ 195,866	556,305	721,892	1,474,063
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	\$ 3,161	-	-	3,161
Total liabilities	3,161	-	-	3,161
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	-	300,000	428,438	728,438
Total deferred inflows of resources	-	300,000	428,438	728,438
Fund balances:				
Restricted for:				
Debt service	-	-	293,454	293,454
Management levy purposes	-	256,305	-	256,305
Student activities	192,705	-	-	192,705
Total fund balances	192,705	256,305	293,454	742,464
Total liabilities, deferred inflows of resources and fund balances	\$ 195,866	556,305	721,892	1,474,063

See accompanying independent auditor's report.

Pleasantville Community School District

Schedule 2

Combining Schedule of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds

Year ended June 30, 2020

	Special Revenue			
	Student	Management		
	Activity	Levy	Debt Service	Total
Revenues:				
Local sources:				
Local tax	\$ -	293,718	424,307	718,025
Other	200,490	3,511	10,402	214,403
State sources	-	1,257	2,102	3,359
Total revenues	200,490	298,486	436,811	935,787
Expenditures:				
Current:				
Instruction:				
Regular	-	23,905	-	23,905
Special	-	6,096	-	6,096
Other	190,559	5,088	-	195,647
Support services:				
Student	-	611	-	611
Instructional staff	-	45	-	45
Administration	-	113,251	-	113,251
Operating and maintenance of plant	-	30,852	-	30,852
Transportation	-	12,694	-	12,694
Non-instructional programs	-	644	-	644
Other expenditures:				
Long-term debt:				
Principal	-	-	616,701	616,701
Interest and fiscal charges	-	-	276,545	276,545
Total expenditures	190,559	193,186	893,246	1,276,991
Excess (deficiency) of revenues over (under) expenditures	9,931	105,300	(456,435)	(341,204)
Other financing sources (uses):				
Transfers in	-	-	454,004	454,004
Total other financing sources (uses)	-	-	454,004	454,004
Change in fund balances	9,931	105,300	(2,431)	112,800
Fund balances beginning of year	182,774	151,005	295,885	629,664
Fund balances end of year	\$ 192,705	256,305	293,454	742,464

See accompanying independent auditor's report.

Pleasantville Community School District

Schedule 3

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2020

Account	Balance Beginning of Year	Revenues	Expenditures	Intrafund Transfers	Balance End of Year
Music - Ellis Memorial	\$ 42,945	-	5,108	-	37,837
Class of 2018	874	-	-	(874)	-
Class of 2019	2,885	-	-	(2,885)	-
Class of 2020	3,154	3,256	2,658	-	3,752
Class of 2021	-	3,877	1,520	-	2,357
Coffee Cart	260	911	59	-	1,112
High School Band	1,134	3,127	644	-	3,617
Washington D.C. Trip	8,660	3,841	1,915	-	10,586
Prom	2,500	-	-	-	2,500
SALT	60	-	-	-	60
High School Fundraiser	7,357	1,560	45	-	8,872
Trojan Enterprises	144	-	-	-	144
Cheerleaders	3,710	193	230	-	3,673
Future Farmers of America	5,068	6,610	8,936	-	2,742
Social Studies	147	-	-	-	147
National Honor Society	218	-	-	-	218
Drama Club	4,679	3,722	2,640	-	5,761
Science Club	360	-	-	-	360
Community Resources	494	-	225	-	269
Spanish	2,988	5,661	6,254	-	2,395
Elementary Student Council	314	-	-	-	314
High School Student Council	2,218	10,771	9,726	(185)	3,078
Fan Stand - Resale	10,382	6,268	5,193	-	11,457
Middle School Student Council	565	84	63	-	586
Concessions	2,251	19,732	18,139	(1,000)	2,844
Elementary Pop	24	-	-	-	24
High School Lounge	262	607	336	-	533
Interest	329	58	-	(10)	377
Postage	81	-	-	-	81
Yearbook	2,081	-	-	-	2,081
Cross County Resale	709	1,090	1,092	-	707
Elementary Book Fair	2,115	1,863	2,609	-	1,369
Elementary Band Club	26	143	143	-	26
Elementary Fundraiser	52,823	16,707	15,037	-	54,493
Middle School Fundraiser	1,276	-	-	-	1,276
Home Economics Club	1,723	1,272	1,358	-	1,637
Miscellaneous	490	-	-	-	490

See accompanying independent auditor's report.

Pleasantville Community School District

Schedule 3

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2020

Account	Balance Beginning of Year	Revenues	Expenditures	Intrafund Transfers	Balance End of Year
Industrial Arts Club	669	794	45		1,418
Photo/Art Club	23	-	-	-	23
Elementary TAG	754	240	-	-	994
Band/Vocal/Art Confederation	3	-	-	-	3
Vocal Club	287	971	50	(40)	1,168
Savings	1,500	3,026	339	-	4,187
Drill Team	95	-	95	-	-
Weight Lifting	-	1,489	1,294	-	195
High School Athletic Supplies	5,581	84,090	88,638	(33)	1,000
Boys Basketball	1,228	268	113	-	1,383
Football	254	5,595	4,189	-	1,660
Baseball	4,931	7,796	4,465	-	8,262
Boys Track	496	30	329	-	197
Boys Golf	(14)	245	-	-	231
Wrestling	5,113	3,284	4,612	-	3,785
Girls Basketball	743	-	336	-	407
Volleyball	386	1,094	1,217	-	263
Girls Softball	2,041	35		268	2,344
Girls Track	761	180	907	-	34
Voc Ag Club	(7,383)	-	-	4,759	(2,624)
Total	\$ 182,774	200,490	190,559	-	192,705

See accompanying independent auditor's report.

Combining Balance Sheet
Capital Projects Fund Accounts

June 30, 2020

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Assets			
Cash, cash equivalents and pooled investments	\$ 1,309,492	717,897	2,027,389
Receivables:			
Property tax:			
Delinquent	-	3,680	3,680
Succeeding year	-	341,319	341,319
Due from other funds	60,000	38,570	98,570
Due from other governments	59,440	-	59,440
Total assets	\$ 1,428,932	1,101,466	2,530,398
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ 41,174	21,448	62,622
Due to other funds	2,707	-	2,707
Total liabilities	43,881	21,448	65,329
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	-	341,319	341,319
Total deferred inflows of resources	-	341,319	341,319
Fund balances:			
Restricted for:			
Debt service	323,175	-	323,175
School infrastructure	1,061,876	-	1,061,876
Physical plant and equipment	-	738,699	738,699
Total fund balances	1,385,051	738,699	2,123,750
Total liabilities, deferred inflows of resources and fund balances	\$ 1,428,932	1,101,466	2,530,398

See accompanying independent auditor's report.

Pleasantville Community School District

Schedule 5

Combining Schedule of Revenues, Expenditures
and Changes in Fund Balances

Capital Projects Fund Accounts

Year ended June 30, 2020

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Revenues:			
Local sources:			
Local tax	\$ -	307,908	307,908
Other	60,000	25,295	85,295
State sources	706,173	1,525	707,698
Total revenues	766,173	334,728	1,100,901
Expenditures:			
Current:			
Support services:			
Instructional staff	62,504	-	62,504
Transportation	-	40,649	40,649
Other expenditures:			
Facilities acquisition	185,459	480,595	666,054
Total expenditures	247,963	521,244	769,207
Excess (deficiency) of revenues over (under) expenditures	518,210	(186,516)	331,694
Other financing sources (uses):			
Transfers out	(307,488)	(146,516)	(454,004)
Total other financing sources (uses)	(307,488)	(146,516)	(454,004)
Change in fund balances	210,722	(333,032)	(122,310)
Fund balances beginning of year	1,174,329	1,071,731	2,246,060
Fund balances end of year	\$ 1,385,051	738,699	2,123,750

See accompanying independent auditor's report.

Pleasantville Community School District

Schedule 6

Schedule of Revenues by Source and Expenditures by Function
All Governmental Funds

For the Last Ten Years

	Modified Accrual Basis									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Revenues:										
Local sources:										
Local tax	\$ 3,718,391	3,581,128	3,533,557	3,155,757	3,096,083	2,670,078	2,335,917	2,831,635	2,715,443	2,909,619
Tuition	408,252	407,998	424,717	421,149	415,330	368,119	415,023	392,804	347,091	311,810
Other	484,513	467,047	457,155	591,669	500,576	502,096	635,278	504,014	496,990	437,361
State sources	5,680,107	5,656,182	5,514,594	5,342,292	4,870,502	4,700,836	4,467,583	3,668,189	3,824,371	3,667,898
Federal sources	236,241	238,767	215,265	214,792	225,511	172,143	234,039	179,553	234,828	328,324
Total	\$ 10,527,504	10,351,122	10,145,288	9,725,659	9,108,002	8,413,272	8,087,840	7,576,195	7,618,723	7,655,012
Expenditures:										
Instruction:										
Regular	\$ 3,102,803	3,484,477	3,607,842	3,865,568	3,572,902	3,305,770	3,550,666	2,973,808	2,778,995	3,432,000
Special	1,339,998	1,405,783	1,171,350	1,194,218	1,168,709	1,200,391	1,198,139	1,148,959	947,399	967,950
Other	1,329,323	1,432,984	1,399,933	1,290,239	1,084,117	1,122,583	1,100,590	1,072,840	1,057,589	1,093,627
Support services:										
Student	142,631	107,240	111,556	93,840	110,472	121,260	122,630	122,765	106,423	104,118
Instructional staff	77,491	26,293	16,805	132,109	51,157	99,584	85,070	110,859	154,714	197,351
Administration	1,108,656	1,081,802	1,033,135	1,040,429	983,135	916,669	897,878	746,222	733,078	721,409
Operation and maintenance of plant	698,840	681,441	655,126	615,244	625,228	646,052	683,060	609,274	444,602	532,323
Transportation	336,035	340,547	373,614	293,105	282,394	284,710	412,470	270,883	352,911	262,430
Non-instructional programs	644	570	867	2,082	5,563	3,614	1,090	9,640	27,255	18,651
Other expenditures:										
Facilities acquisition	666,054	473,138	3,867,809	2,110,954	316,666	75,130	229,063	1,393,504	2,714,615	388,730
Long-term debt:										
Principal	616,701	604,413	690,498	444,825	440,654	431,785	449,359	421,733	464,151	347,995
Interest and other charges	276,545	285,519	298,834	130,803	137,754	145,612	142,135	145,585	77,329	36,970
Bond issuance costs	-	-	-	49,569	-	-	-	-	-	-
AEA flowthrough	298,971	294,558	290,896	276,120	268,571	253,105	239,417	227,752	227,773	253,163
Total	\$ 9,994,692	10,218,765	13,518,265	11,539,105	9,047,322	8,606,265	9,111,567	9,253,824	10,086,834	8,356,717

See accompanying independent auditor's report.



FALLER, KINCHELOE & CO, PLC

Certified Public Accountants

Independent Auditor's Report on Internal Control
over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards

To the Board of Education of
Pleasantville Community School District:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Pleasantville Community School District (District) as of and for the year ended June 30, 2020, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 16, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings, we identified deficiencies in internal control we consider to be material weaknesses and a significant deficiency.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings as items I-A-20, I-B-20, I-C-20, I-E-20 and I-F-20 to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Schedule of Findings as item I-D-20 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatements, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters which are described in the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2020 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

The District's Responses to Findings

The District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. The District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.



Faller, Kincheloe & Co., PLC

February 16, 2021

Pleasantville Community School District

Schedule of Findings

Year ended June 30, 2020

Part I: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

I-A-20 Segregation of Duties

Criteria – Management is responsible for establishing and maintaining internal control. A good system of internal control provides for adequate segregation of duties so no one individual handles a transaction from its inception to completion. In order to maintain proper internal control, duties should be segregated so the authorization, custody and recording of transactions are not under the control of the same employee. This segregation of duties helps prevent losses from employee error or dishonesty and maximizes the accuracy of Pleasantville Community School District (District) financial statements.

Condition – Generally, one or two individuals has control over each of the following areas for which minimal or no compensating controls exist:

- (1) Cash – initiating cash disbursement transactions and recording cash.
- (2) Investments – investing, detailed recordkeeping, custody of investments and reconciling earnings.
- (3) Receipts – recording, journalizing, posting and reconciling.
- (4) Disbursements – purchase order processing, check preparation, mailing and recording.
- (5) Capital assets – purchasing, recording and reconciling.
- (6) Long-term debt – recording, reconciling and performing cash functions.
- (7) Wire transfers – processing and approving.
- (8) Payroll – recording approved pay rates and deductions, recordkeeping, preparation, posting and distribution.
- (9) Transfers – preparing and approving.
- (10) Financial reporting – preparing, reconciling and approving.
- (11) Computer systems – performing all general accounting functions and controlling all data input and output.
- (12) Journal entries – writing, approving and posting.

Cause – The District has a limited number of individuals and procedures have not been designed to adequately segregate duties or provide compensating controls through additional oversight of transactions and processes.

Effect – Inadequate segregation of duties could adversely affect the District's ability to prevent or detect and correct misstatements, errors or misappropriation on a timely basis by employees in the normal course of performing their assigned functions.

Recommendation – The District should review its control activities to obtain the maximum internal control possible under the circumstances utilizing currently available staff.

Pleasantville Community School District

Schedule of Findings

Year ended June 30, 2020

Response – The District will review its control procedures to obtain the maximum internal control possible with the limited staff it has.

Conclusion – Response acknowledged.

I-B-20 Preparation of Full Disclosure Financial Statements

Criteria - A properly designed system of internal control over financial reporting includes the preparation of an entity's financial statements and accompanying notes to the financial statements by internal personnel of the entity.

Condition - As auditors, we were requested to draft the financial statements and accompanying notes to the financial statements. It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

Cause - We recognize that with a limited number of office employees, preparation of the financial statements and accompanying notes to the financial statements is difficult.

Effect - The effect of this condition is that the year-end financial reporting is prepared by a party outside of the District. The outside party does not have the constant contact with ongoing financial transactions.

Recommendation - We recommend that District officials continue reviewing operating procedures in order to obtain the maximum internal control possible under the circumstances to enable staff to draft the financial statements and accompanying notes to the financial statements internally.

Response – These are very technical issues that the average citizen would not understand. This issue relates to auditor independence issues, and we accept the risk associated with not being able to prepare these documents and apply accounting principles in accordance with generally accepted accounting principles.

Conclusion – Response acknowledged.

I-C-20 Financial Reporting

Criteria – A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements of the financial statements on a timely basis. Properly designed policies and procedures and implementation of the policies and procedures are an integral part of ensuring the reliability and accuracy of the District's financial statements.

Condition – Material adjustments were made to assets, liabilities, revenues and expenditures balances and accounts as of June 30, 2020 and for the fiscal year ending June 30, 2020.

Cause – District policies do not require and procedures have not been established to provide for an independent review of the financial statements and transactions to ensure these amounts are materially accurate.

Pleasantville Community School District

Schedule of Findings

Year ended June 30, 2020

Effect – Lack of District policies and procedures resulted in personnel not detecting the errors in the normal course of performing their assigned functions. As a result, material adjustments to the District's financial statements were necessary.

Recommendation – The District should establish procedures to ensure all transactions are properly recorded and reported in the District's financial statements.

Response – We will implement this recommendation to the best of our ability.

Conclusion – Response acknowledged.

I-D-20 Fixed Assets

Criteria – The District controls over fixed asset accountability are in need of improvement.

Condition - Fixed assets were not periodically counted and reconciled to the fixed asset listing by an independent person.

Cause - District policies do not require and procedures have not been established to ensure verification of fixed assets by an independent person.

Effect – Lack of performing a physical verification of fixed assets could result in undetected errors or unauthorized activity.

Recommendation – To provide additional control over the proper recording of fixed assets, fixed assets should be periodically counted and reconciled to the fixed asset listing by a person who does not have custody of the fixed assets.

Response – We will review this situation.

Conclusion – Response acknowledged.

I-E-20 Receipts

Criteria – A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements of the financial statements on a timely basis. Properly designed policies and procedures and implementation of the policies and procedures are an integral part of ensuring the reliability and accuracy of the District's financial statements.

Condition – Receipts are not deposited timely by the District. For example, receipts are not normally deposited more than one time per week. In addition, in some cases, an immediate record of receipt was not always completed.

Cause – District policies do not require and procedures have not been established to ensure all receipts are deposited timely and that an immediate record of receipt was not always completed.

Effect – Lack of District policies and procedures resulted in District employees not depositing timely and maintaining an immediate record of receipt for all receipts.

Recommendation – The District should establish procedures to ensure all receipts are deposited timely, preferably on a daily basis. In addition, an immediate record of receipt needs to be completed for all monies received.

Pleasantville Community School District

Schedule of Findings

Year ended June 30, 2020

Response – We will attempt to implement these recommendations.

Conclusion – Response acknowledged.

I-F-20 Bank Reconciliations

Criteria – An effective internal control system provides for internal controls related to reconciling monthly financial reports to all bank accounts.

Condition – Monthly reconciliation of the District's balances to the bank accounts are not being consistently performed for some cash and investment accounts.

Cause – Policies have not been established and procedures have not been implemented to prepare bank reconciliations are being consistently performed for all cash and investment accounts.

Effect – Lack of bank reconciliations could result in unrecorded transactions, undetected errors and opportunity for misappropriation.

Recommendation – The District should implement procedures to ensure all cash and investment accounts are reconciled on a timely basis.

Response – We will implement this recommendation.

Conclusion – Response acknowledged.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Pleasantville Community School District

Schedule of Findings

Year ended June 30, 2020

Part II: Other Findings Related to Required Statutory Reporting:

- II-A-20 Certified Budget – Expenditures for the year ended June 30, 2020 exceeded the certified budget amounts in the other expenditures function.

Recommendation – The certified budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before expenditures were allowed to exceed the budget.

Response – Future budgets will be amended in sufficient amounts to ensure the certified budget is not exceeded.

Conclusion – Response acknowledged.

- II-B-20 Questionable Disbursements – A disbursement we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 since the public benefits to be derived have not been clearly documented was noted. This disbursement is detailed as follows:

Paid to	Purpose	Amount
IPERS	Interest and Late Fee	\$ 68
Wellmark	Late Fees	357

According to the opinion, it is possible for such disbursements to meet the test of serving a public purpose under certain circumstances, although such items will certainly be subject to a deserved close scrutiny. The line to be drawn between a proper and improper purpose is very thin.

Recommendation – The Pleasantville Community School District (District) should determine and document the public purpose served by these disbursements before authorizing any further payments.

Response – We will review this issue.

Conclusion – Response acknowledged.

- II-C-20 Travel Expense – No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

- II-D-20 Business Transactions – No business transactions between the District and District officials or employees were noted.

- II-E-20 Restricted Donor Activity – No transactions were noted between the District, District officials or District employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.

- II-F-20 Bond Coverage – Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.

- II-G-20 Board Minutes – Instances were noted where the board minutes and related invoices paid were either not published in the newspaper or were not timely published. Chapter 279.35 of the Code of Iowa requires that all board minutes be published within two weeks of the board meeting, and that the schedule of bills allowed be published. In addition, the board meeting minutes were not signed by the Board Secretary.

Recommendation – We recommend that the Board meeting minutes and the related schedule of bills allowed should be published within two weeks of the Board meeting as required by the Code of Iowa. In addition, the board minutes should be signed by the Board Secretary.

Pleasantville Community School District

Schedule of Findings

Year ended June 30, 2020

Response – We will implement this recommendation.

Conclusion – Response acknowledged.

- II-H-20 Certified Enrollment – The total number of students reported to the Iowa Department of Education on the Certified Enrollment Certification Form for October 2019 was overstated by 1.00 student and understated by 2.00 students, for a net of 1.00 students understated.

Recommendation – The District should contact the Iowa Department of Education and Department of Management to resolve this matter.

Response – We will contact the Iowa Department of Education and the Iowa Department of Management.

Conclusion – Response acknowledged.

- II-I-20 Supplementary Weighting – No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.

- II-J-20 Deposits and Investments – Instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and District's investment policy were noted, as follows:

- One investment held by the District is not on the District's investment policy.
- The District owns some common stock. Common stock is not a permissible investment in accordance with the Code of Iowa, nor with the District's investment policy.

Recommendation – To be in compliance with Chapter 12C of the Code of Iowa, the District should implement procedures to ensure all allowable investments owned by the District are included on the District's investment policy. In addition, the District should not invest in common stock, in accordance with the Code of Iowa requirements.

Response – We will implement these recommendations. We will also sell the common stock.

Conclusion – Response acknowledged.

- II-K-20 Certified Annual Report – The Certified Annual Report was certified timely to the Iowa Department of Education.

- II-L-20 Categorical Funding – No instances were noted of categorical funding being used to supplant rather than supplement other funds. However, we noted programs in which the District did not record expenditures related to categorical funding until the end of the fiscal year. The Iowa Department of Education requires that all categorical funding be recorded to specific account codes. Since the District did not record categorical funding to specific account codes during the year, it appears that the District is not in compliance with the Iowa Department of Education requirements.

Recommendation – The District should contact the Iowa Department of Education regarding corrective action to be taken.

Response – We will implement this recommendation.

Conclusion – Response acknowledged.

Pleasantville Community School District

Schedule of Findings

Year ended June 30, 2020

- II-M-20 Statewide Sales, Services and Use Tax – No instances of non-compliance with the allowable uses of the statewide sales, services and use tax revenue provided in Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2020, the following information includes the amounts the District reported for the statewide sales, services and use tax revenue in the District's CAR including adjustments identified during the fiscal year 2020 audit:

Beginning balance		\$1,174,329
Revenues/transfers in:		
Sales tax revenues	\$ 706,173	
Other	60,000	766,173
		<u>1,940,502</u>
Expenditures/transfers out:		
School infrastructure construction	137,671	
Equipment	110,292	
Transfers to other funds:		
Debt service fund	307,488	555,451
		<u>555,451</u>
Ending balance		<u>\$1,385,051</u>

For the year ended June 30, 2020, the District did not reduce any levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa.

- II-N-20 Revenue Bonds - No instances of non-compliance with the revenue bond resolutions were noted.

- II-O-20 Miscellaneous –The District has a diesel barrel to store fuel for subsequent use, and also buys fuel from a vendor in town. While a vehicle log is kept for some vehicles, the vehicle logs do not consistently document gallons of fuel used in the vehicles and the mileage of the vehicles. As a result, the District is unable to analyze its fuel usage for propriety.

Recommendation – To provide increased accountability over fuel purchased and the fuel used from the District barrels, the District should periodically reconcile fuel purchased as recorded on the vendor invoices and fuel used per the barrels, with the vehicle logs. Any material differences and any unusual amount of fuel used should be periodically investigated and followed up on a timely manner.

Response – We will review our procedures in relation to fuel accountability.

Conclusion – Response acknowledged.

- II-P-20 Interfund Loans – The Iowa Department of Education issued a Declaratory Order (Order) dated October 22, 2009 outlining requirements for interfund loans. During the current and prior fiscal year, the District made loans between various funds. The District did not comply with the Order's requirements, as follows:

- The interfund loans were not always formally approved by the Board.
- A provision for interest was not included in the resolution authorizing the interfund loan.

Pleasantville Community School District

Schedule of Findings

Year ended June 30, 2020

- The loans were not repaid by October 1 of the fiscal year following the fiscal year in which the loan occurred. For loans unable to be repaid, the District did not follow the remedies available under Chapter 74, 278.1(5) or 24.22 of the Code of Iowa.

Recommendation – The District should comply with the requirements for existing and future interfund loans.

Response – We will implement this recommendation to the best of our ability.

Conclusion – Response acknowledged.

- II-Q-20 Financial Condition – As noted on the Statement of Net Position, the Governmental Activities and Business Type Activities had deficit unrestricted net position amounts of \$2,536,227 and \$7,875, respectively, at June 30, 2020. In addition, one student activity account had a negative balance as of June 30, 2020.

Recommendation – The District should continue to investigate alternatives to eliminate these deficits in order to return these funds to a sound financial condition. Procedures should be implemented to ensure all student activity accounts have a positive balance.

Response – The District will try to decrease expenditures and increase revenues of the Governmental Activities and Business Type Activities in order to not show deficit balances at year-end. We are also working to ensure all the student activity accounts are positive.

Conclusion – Response acknowledged.

- II-R-20 Unclaimed Property – Chapter 556.11 of the Code of Iowa requires all entities to report and remit outstanding obligations, including checks, trusts and bonds held for more than two years, to the Office of Treasurer of State annually. The District did not remit all outstanding obligations held for more than two years to the Office of Treasurer of State annually.

Recommendation – Outstanding obligations should be reviewed annually and amounts over two years old should be remitted to the Office of Treasurer of State.

Response – We will implement this recommendation.

Conclusion – Response acknowledged.

- II-S-20 Student Activity Fund – In accordance with Chapter 298A.8 of the Code of Iowa and Iowa Administrative Rule 281-12.6(1), moneys in the Student Activity Fund should be used to support only the extracurricular and co-curricular activities offered as part of the District's educational program. Several accounts reported in the Special Revenue, Student Activity Fund do not appear to be extracurricular or co-curricular in nature.

Recommendation – The District should review the propriety of all of the accounts in the Special Revenue, Student Activity Fund, and determine which accounts meet the Iowa Department of Education requirements to be included in the Special Revenue, Student Activity Fund. All accounts which do not meet the requirements to be included in the Special Revenue, Student Activity Fund should be recorded in another appropriate fund.

Response – We will review this area and make changes as appropriate.

Conclusion – Response acknowledged.

Pleasantville Community School District

Schedule of Findings

Year ended June 30, 2020

- II-T-20 Billing Controls – During our review, we identified approximately \$55,000 due from other School Districts for open enrollment in tuition and for overpayment of open enrolled out tuition.

Recommendation – The District should implement procedures to ensure all amounts due to the District are collected on a timely basis, and that all open enrolled out payments are proper.

Response – We will do a better job in the future in relation to collecting from other School Districts.

Conclusion – Response acknowledged.

- II-U-20 Interfund Transfers – There was no indication that the interfund transfers were approved by the Board of Education. In addition, the amount of the interfund transfers exceeded the budget interfund transfers amount by \$25,004.

Recommendation – The District implement procedures to ensure all interfund transfers are approved by the Board of Education, and that all interfund transfers are included in the budget document.

Response – This was an oversight on our part. We will implement this recommendation in the future.

Conclusion – Response acknowledged.

- II-V-20 Payroll – In one instance it was noted where an employee was paid as a vendor and not through payroll. All employee payroll is to be paid through payroll, pursuant to Internal Revenue Service requirements.

In one instance, it was noted where the amount paid to the employee was approximately \$1,200 more than the contract amount.

One instance was noted where an employee time sheet was not signed by the employee's supervisor. To increase controls over payroll, all timesheets should be approved by the employee's supervisor.

One instance was noted in which an employee wage amount used for determining IPERS contributions was incorrect.

Recommendation – The District should implement procedures to ensure all employee payroll is paid through payroll, payroll amounts paid to employees agree with the contract amount, all employee timesheets should be signed by a supervisor, and that IPERS contribution amounts are based on the correct wage amounts.

Response – We will implement these recommendations in the future.

Conclusion – Response acknowledged.